Everton Football Club Company Limited

Annual Report and Accounts 2011

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Directors and Advisors

Directors
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J V Woods Deputy Chairman
R I Earl
Sir P D Carter CBE

Chief Executive
R Elstone

Company Secretary
M J Evans

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Chairman's Statement

Probably like most of you I spent the summer wondering what might have been....if only we had gathered together those early points, and had the success that we had in the second half of the season. If only we had done better in the two Cups....when in particular the FA Cup was looking good! If only I had been able to help more.... "If only's" are nearly always around in football....

Once again, try as I might, I was unable to accomplish the task which has dominated my life for these past few years – finding the man, or the institution, with the finances to move us forward. Hopefully the day will come soon when I will happily – even enthusiastically – hand over control of our beloved Club to a substantially wealthy individual or well-funded investment group.

Until that day, it goes without saying that, as ever, we will do everything within our power to fully support the ambition and vision of David Moyes, a man with few peers in football. David is fully aware of precisely where we are in terms of available funds. He is appreciative of the fact that every penny we can find moves to his transfer kitty, and whilst he would obviously like more, he has a sound sense of business and accepts the parameters within which we must operate.

Of course, we all wish to see those parameters pushed outwards and made less constrictive by way of a substantial injection of funds but, until then, we continually appraise all options open to us, though we cannot and will not do anything which might cause short or long term damage to our Club. That is both our way, and, many would argue, our greatest strength.

As ever, the playing staff was subject to change last season. We welcomed to Merseyside Jermaine Beckford, Magaye Gueye and Apostolos Vellios and continued our policy of tying up long-term contracts for our established first-teamers by agreeing new deals with Phil Jagielka, Leon Osman, Tony Hibbert, Victor Anichebe, Jack Rodwell and Seamus Coleman.

I remain grateful to many people for their continued support – my fellow Board members, and in particular our CEO, Robert Elstone, his Executive team and the Club's staff – all of whom have brought professionalism and dedication to the invariably complex task of running a Premier League club on a daily basis.

May I also place on record my thanks to the Club's bankers, Barclays Bank plc, and to our various sponsors and partners – particularly Chang and Kitbag, both of whom proved themselves to be reliable and trustworthy friends during the course of what was another demanding year.

Finally, I must pay two deserving tributes. Firstly to Everton in the Community, a charity which has been close to my heart for many years and which is now beginning to garner both the awards and the recognition that its work richly deserves. Under the stewardship of Dr Denise Barrett-Baxendale, our community team continues to make a meaningful contribution to the lives of many people across the north-west of England. They are simply the best at what they do, and I salute them.

Secondly it was a personal high for me to see our Under 18 squad win the National Academy trophy at Fulham at the end of the season. A real testament to what everyone is trying to achieve at Finch Farm. My congratulations to all of our coaches and players.

I know I don't have to tell most of you how proud I am to be Chairman of what I shall always consider to be the greatest Football Club in the World. Our Club. It isn't always easy to be the man in my position. I have no magic wand – but, until the day comes when I leave my seat in the directors box I will continue to work tirelessly for Everton, and its fans.

This Football Club deserves nothing less.

Bill Kenwright

Financial Review

	Year Ended 31st May 2011	Year Ended 31st May 2010
Turnover	£82.0m	£79.1m
Wages as a percentage of turnover	71%	69%
Wages as a percentage of turnover including outsourced catering and retail*	67%	65%
Operating Loss (excluding player trading)	£0.5m	£0.5m
Net Debt	£44.9m	£44.9m
Net Cash Flow Spend on Player Transfers	£6.6m	£3.5m

*The figures for wages as a percentage of turnover including outsourced catering and retail are calculated by including turnover and wage figures applicable to the club from the catering partner, Sodexo, and the retail partner, Kitbag. These figures have been provided to the club by Sodexo and Kitbag. They have not been audited as part of the audit of the Annual Report and Accounts of Everton Football Club Company Limited.

Trading performance
The year ended 31st May 2011 has seen record turnover of £82.0m (2010: £79.1m), representing an increase of 3.7% on the prior year and reflecting the improved Premier League television rights deal and Everton's pre-season tour to Australia.

Gate receipts totalled £17.5m. Premier League gate receipts increased by £0.3m with an average attendance of 36,067 and domestic cup gate receipts increased by £0.2m. The prior year gate receipts figure included £2.2m from participation in the UEFA Europa League.

Turnover from broadcasting increased to £52.9m (2010: £50.2m) resulting from the first year of the new Premier League television rights deal, partly offset by reduced UEFA Europa League broadcasting revenue. Domestic broadcast revenue reflects a seventh place finish in the Premier League (2010: eighth place finish) and 13 live televised Premier League matches consistent with the prior year.

The increase in turnover has enabled continued investment in the playing squad and as highlighted in the Chairman's Statement included new contracts for Phil Jagielka, Leon Osman, Tony Hibbert, Victor Anichebe, Jack Rodwell and Seamus Coleman in addition to the purchases of Jermaine Beckford, Apostolos Vellios and Magaye Gueye.

The increased investment in the playing squad has also been reflected in a 2% increase in wages as a percentage of turnover to 71% for 2011. The Premier League average for wages as a percentage of turnover for the 2009/10 season was 68%. The club's wages as a percentage of turnover including outsourced catering and retail was 67% for the 2010/11 season.

As a result of the key factors outlined above, we have recorded an operating loss for the year before player trading of £0.5m (2010: loss of £0.5m).

The inclusion of the amortisation of players' registrations of £16.6m (2010: £17.1m), profit on disposal of player registrations of £7.4m (2010: £19.0m) and profit on disposal of tangible fixed assets of £8.4m (2010: £nil), gives a loss before interest and taxation of £1.3m (2010: profit of £1.4m).

When we incorporate the net annual interest charge of £4.1m (2010: £4.5m), principally arising from the servicing of the securitised debt and the bank overdraft, as well as interest receivable, the accounts show a pre tax loss of £5.4m (2010: £3.1m).

Balance Sheet and Funding
Net debt at year end, representing borrowings less cash on deposit, was unchanged at £44.9m (2010: £44.9m). However, £20.0m (2010: £21.1m) is not due for repayment for more than five years.

As a result of the above trading including transfer activity, the balance sheet shows a net liability position of £35.2m (2010: £29.8m). However, it should be noted that the balance sheet contains £9.1m of deferred income in relation to advance season-ticket and lounge membership sales which will be released to the profit and loss as games are played during the 2011/12 season hence will not require repayment. In addition, £20.0m of borrowings are not repayable for more than five years. Furthermore it is important to remember that the balance sheet attributes little value in respect of home grown players such as Jack Rodwell, Ross Barkley, Leon Osman, Tony Hibbert and Victor Anichebe.

In terms of cash flows, the cash inflow from operating activities was £1.9m (2010: £1.4m). After net payments for interest of £4.1m, net expenditure on player transfers of £6.6m, net proceeds from the disposal and purchase of tangible fixed assets of £8.8m, largely relating to the sale of Bellefield, and net cash outflows from financing of £3.9m, the decrease in cash for the year was £3.9m (2010: decrease of £1.2m).

The Board recognises there are risks which affect the Group and has sought to minimise those risks. Our cost-base, in common with other football clubs, is relatively fixed in the short-term, hence unfavourable movements in revenue, including those arising from below budget on-pitch performance, can lead to significant variation in profits. It is the aim of the Board to maximise the flexibility of the cost base to deal with unexpected revenue reductions. Further information on the Group's funding requirement is set out in Note 1.

The Group enters into a number of transactions, relating mainly to player transfers, which create exposure to movements in foreign exchange. The Group monitors this foreign exchange exposure on a continuous basis and will seek to hedge any significant exposure in its currency receivables and payables. The Group's policy is to reduce as far as possible the interest risk by entering into fixed interest rate borrowings when appropriate.

Nil Satis Nisi Optimum

Our priorities are, and always will be, on the pitch, at our training ground and in our Academy. Like any business, priorities absorb resource and funding, and to maximize that investment, our challenge is to build a strong, dynamic and growing business. To achieve this, our focus has turned to four key areas; i) understanding our fans and building our knowledge base, ii) listening, engaging and responding with fans to allow them to participate in their Club, iii) to make ourselves easier to buy from by benchmarking ourselves with the modern 'High Street' and iv) to make matchdays memorable. We have made progress in each of these areas.

Knowledge
Gaining a greater understanding of our fans and using that knowledge to develop the Club is a challenging task and steady progress has been made. We continue to invest in technology and people and expect to see improvements over coming seasons. A key success in this period has been to direct Everton in the Community to where our fans live, work and go to school, ensuring our inspirational projects impact Evertonians and their families.

Engagement
As part of Everton's longstanding commitment to work closely with our supporters, a raft of initiatives have been developed over the last 12 months to enhance the opportunities for fans to have their say and hold the Club to account.

Listening to our supporters is vital to us and one of the major avenues for the Club to get honest and candid feedback on the issues that matter is through the Fans' Forum. In January 2011, the Forum was revamped to become more representative of the fanbase and further involve supporters in helping to shape the decision-making process.

In addition, the first ever Fans' Conference took place in April 2011. Almost 200 supporters had the opportunity to put their questions to a panel which included Phil Neville, Tim Cahill and Chief Executive Robert Elstone. The event was tailored to allow fans to engage with the Club directly to provide feedback and ask questions on topics such as investment, our future home, and transfer budgets. Due to the success of the conference, plans are in place to hold another event during the 2011/12 season.

Forming a closer dialogue with affiliated supporters' clubs has also been high on the agenda this year. Members of the Club's Executive Management team, senior players and Robert Elstone visited supporters all over the world to interact with fans and gain a better understanding of their key issues and concerns. The visits are not only an interesting experience for supporters' clubs but also prove invaluable to the Club to further understand the needs and desires of our fans. Our international 'appointments' have been in Bangkok and in conjunction with our successful tours in the USA and Australia.

For the third year running, we conducted a survey with our supporters which provided us with important feedback on key areas and helped us to shape important decisions, such as Season Ticket prices.

A key feature of our engagement strategy is the provision of news and information and a host of enhancements have been made to the Club's official digital media services over the last 12 months. evertonfc.com was successfully re-launched in August 2011 with a brand new look. The new website features more free video content, innovative features and offers a better digital experience for supporters. evertontv has also gone from strength to strength this year – and for the first time, the service is now free of charge. An opportunity was recognised to bring engaging content and an exciting digital experience to a large group of supporters. Therefore we took the brave and bold decision to remove the paywall from evertontv, making it accessible to all supporters wherever they may be in the world. The Club's presence on social media has also flourished, with over 28,000 people now following Your Everton on Twitter and over 190,000 people 'liking' the Club's page on Facebook.

Buying from us
The Club has recognised that on some occasions buying from Everton isn't easy and too often is dictated by our systems and procedures and not always by what's best for our fans. Putting this right is an ongoing process, not least as a result of ever evolving technologies, consumer demands and concerns over payment security. The Club undertakes independent reviews and benchmarking and will use these to shape further investment in it's sales channels.

Memorable matchdays
Goodison Park is famous for its atmosphere and it's the emotion and passion generated on matchdays that matters most to our fans. Cultivating this atmosphere is difficult and sensitive but we continue to work on ways to make the famous Goodison experience even better.

Again, we tested all aspects of matchdays, using an independent organisation, four times over the course of the season and during 2010/11, our marks went up. The same testing procedures are in place for 2011/12.

As part of our commitment to improve matchdays, a brand new audio-visual experience was also unveiled at Goodison Park for the start of the 2011/12 season. Over 100 new television screens have been installed to improve the matchday experience for supporters. The new-look screens, fitted around the concourse and in hospitality lounges, broadcast in high definition and give supporters the latest information on the team and other Barclays Premier League fixtures. The two giant screens inside the ground have also been replaced to provide higher quality images and a range of content in a variety of different ways.

Commercial Review

Record Breaking Partnership
The Club made history over the last twelve months by finalising a three-year extension to our current deal with Chang. The agreement takes Chang's relationship with the Blues through to 2014, making it the longest-running shirt sponsorship deal in the Premier League.

Since the Chang logo was first emblazoned upon Everton Blue in 2004, the partnership has gone from strength to strength and the new deal could be worth in excess of £11m to the Club over the three year term.

To help mark the deal, midfielder Marouane Fellaini flew to Thailand as part of a senior delegation from Goodison and met Chang officials and members of the Club's burgeoning army of Thai supporters.

Chief Executive Robert Elstone said: "We consider Chang to be very much a part of the extended Everton family. We are proud of what we have achieved in our time together and to have contributed to the development of young Thai footballers and the coaching infrastructure.

"Chang have always been very supportive of Everton since we first signed with them in 2004 and have been extremely proactive in driving the partnership forward, helping Everton grow internationally, whilst we have assisted in supporting Chang in key markets around the world.

"We understand that in the modern sports sponsorship market it is vital to generate as much value as possible and together we believe that the Everton/Chang relationship will continue to provide a significant payback on the investment. The longevity of the partnership demonstrates a firm belief in our strategies and progress."

Sustained and Successful Partnerships
Along with the lucrative arrangement with Chang, the Club signed deals with Nivea and Beko, and entered into a multi-year partnership with Audi. New partnerships are always a positive addition for the Club but we have continued to maintain relationships with longstanding associates too, including our official broadcast partners BBC Radio Merseyside and Radio City.

Working in tandem with the Club's retail partner, Kitbag, continues to be a priority with the second of the ten-year partnership providing the opportunity of enhancing the supporters' experience with specifically tailored events for both stores, the successful release of an iconic 3rd Kit and a commitment to further develop the product range, sales channels and fan engagement processes.

Blue Carpet Events
A renewed focus on events has also helped the Club to bring in new partners and none more so than the spectacular End of Season Awards where, for the first time, all individual categories were sponsored.

The 6th annual End of Season Awards were once again a huge success with special guests gathering at Liverpool's BT Convention Centre for a glittering awards ceremony to honour Everton's highest achievers of the 2010/11 campaign. Leighton Baines was the star of the show picking up a hat-trick of awards including Player of the Season, Players' Player of the Season and Goal of the Season. Prizes were handed out to players from all of Everton's teams, including the ladies, reserves, academy and disability sides.

The Official Player of the Month Lunch was also a huge success during the 2010/11 season at the city centre Hilton Hotel. It was the first time that the event was held outside of Goodison Park but it proved a wise move in providing a networking opportunity for an increased number of city centre located clientele. Along with Everton legends, a first team player also joins the celebration and sponsors have been so impressed with the event that they have all committed to support it again.

Commitment to Offering Value for Money
The Club took the bold decision to freeze all Season Ticket prices for the 2011/12 season and not only kept the existing payment levels but also absorbed the Government's 2.5% VAT increase from January 2011. A renewed commitment to making football affordable for families was also made by the Club, with all junior tickets at half the adult price.

Improved payment plans were introduced to ease the process of paying for Season Tickets. Once again Everton Mastercard offered 0% interest on selected Season Ticket purchases whilst the enhancements made to the Direct Debit scheme remained in place.

Taking into consideration research conducted in last season's fans survey, a new competitive pricing structure for Barclays Premier League matches was introduced for 2011/12. For the new campaign, each match will be allocated into one of five categories (A-E) to reflect the scale and timing of the fixture. The brand new 'E' category offers supporters the chance to buy tickets for only £25 for adults and £12.50 for juniors.

In a bid to ensure the Club continued to offer optimum quality at a competitive price, the majority of hospitality packages were also frozen or reduced for the 2011/12 season. The range of packages, prices and payment plans aimed to cater for a wide range of budgets and provide value for money for existing members as well as attracting new applications. The new pricing structure aims to ensure we maintain over 1,000 members in our corporate hospitality suites for the 2011/12 campaign.

During the summer, we invested a six-figure sum to revamp the Club's most prestigious lounge. The Dixie Dean Suite was given a brand new look during the summer months to offer members and guests the ultimate experience on matchdays. Despite the significant revamp, membership prices for the flagship lounge, along with the 1878 suite, were reduced for the new season, resulting in even better value for supporters.

Everton In The Community

The 2010/11 season was an exciting and rewarding one for Everton in the Community. From opening our new PL4S sports clubs, delivering our Kickz programme, extending our Premier League Men's Health initiative, climbing Mount Kilimanjaro, to painting hospitals and homeless shelters! Regardless of the task in hand, members of our team have continued to work tirelessly to improve the lives of disadvantaged young children and adults across Merseyside utilising the 'magic' of our Premier League brand as a motivator for self-improvement. Over the last season we have accomplished some terrific achievements including:

- Supporting in excess of 1,500 local charities in their charitable endeavours.
- Contributing to a 55% reduction in anti-social behaviour and 79% reduction in crime across challenging areas in Merseyside through our Kickz programme.
- Presenting our Premier League Men's Health Programme in an international arena.
- Enjoying a 100% success rate on our education programmes.
- Assisting almost 50% of participants on our employment programme to return to work as part of our Premier League into Work programme.
- Continuing to expand our remarkable disability programme, which now boasts 26 competitive teams.

Everton in the Community has continued to be recognised as a leading sporting charity on a local, national and international stage during 2010/11. For the second consecutive year we secured the 'Best Community Programme' at the Sporting Industry Awards, which achievement, we believe, is previously unheard of. Our passion to make a difference to the lives of our participants enables us to focus clearly on continuing to 'spread the word' to ensure that our work gains the highest possible recognition and we continue to secure the funds necessary to enrich and enhance our programmes.

Amongst many others, national and international achievements include:

- Global Business Excellence Award for Outstanding Community Initiative.
- MBNA Northern Sports Award, Best Grassroots Club Programme.
- Stadium Business Awards, Nou Camp, Barcelona, Best Community Scheme in Europe.
- Kickz, Outstanding Police Contribution
- National Sports Industry Awards, Community Programme of the Year, Tackling Inequality, Empowering Ability (Disability Programme).

In addition to the host of awards secured by Everton in the Community last season, the charity also secured significant funding to deliver vital new programmes across Merseyside. In particular, Everton in the Community was awarded £930,000 from the Big Lottery Fund to deliver a new scheme called "Safe Hands", which will offer up to 150 young people coming out of secure care the chance to make real and lasting life changes.

Programme delivery across the charity has continued to be of the highest possible standard. Commitment to continuous improvement and the drive to make the most positive impact in our community continues to raise our standards. We have witnessed great success across a range of Premier League funded opportunities this year, with some exciting and high impact case studies being presented as models of good practice, both nationally and internationally, such as our Premier League Men's Health initiative as but one example.

None of this fantastic, life-changing work would be possible without the continued support and kindness shown by our loyal supporters and our great Club.

Directors' Report

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31st May 2011.

Principal Activity
The principal activity of the Group continues to be that of a professional football club. The Group has continued to develop the Everton brand and associated media rights.

Review of Business
The results of the year's trading are shown on page 12 of the financial statements. A detailed review of the Group's business, key performance indicators including wages to turnover ratio and operating profit before player trading, an indication of the likely future developments, and the risks and uncertainties facing the Group are contained in the Chairman's Statement and the reviews set out on pages 4 to 8.

Dividend and Transfers from Reserves
The loss for the year amounted to £5.4m (2010: loss of £3.1m), which has been transferred from reserves. The Directors are not able to recommend the payment of a dividend (2010: £nil).

Post Balance Sheet Events
A description of the material aspects of these events can be found in note 24 to the accounts.

Directors
The Directors in office during the year and their beneficial interests in the share capital of the Company at the end of the financial year, and of the previous financial year, were as follows:

	Number of Shares	
	31st May 2011	31st May 2010
W Kenwright CBE	9,044	8,754
J V Woods	6,622	6,622
R I Earl	8,146	8,146
Sir P D Carter CBE	714	714

Directors' Responsibilities Statement
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Report

Risk and uncertainties
In addition to the risks addressed within the Financial Review, in ensuring that the Group has sufficient liquid resources to meet its liabilities as they fall due the Directors have reviewed in detail the business' cash flow projections. As disclosed in note 1, the Group meets its day to day working capital requirements through an overdraft facility. Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past. This funding is repayable in August 2012. Based on ongoing dialogue with the existing and potential funders, the Directors are confident that this facility will be replaced by an equivalent facility on repayment.

The Group's current overdraft facility expires on 31 July 2012. The timing of the expiry of the current facility on 31 July 2012 allows the Group's bankers and the Directors to agree appropriate facilities for the following season based on performance in the 2011/12 Premier League season and reflect activities, including the Group's player trading activity in the January 2012 transfer window and the start of the summer 2012 transfer window.

The Directors have worked closely with the bank throughout the year and based on discussions with the bank believe that it is the bank's current intention to renew the overdraft facility agreement or put in place arrangements to provide similar facilities for the following season in each case subject to review at the end of the current football season with the knowledge of the level of player trading over the period and with the amount and terms to be negotiated at the appropriate time. The Directors acknowledge the need for further discussion and agreement with the bank, thereby giving rise to a degree of uncertainty on the final outcome regarding bank funding. However, the Directors consider discussions with the bank to be of appropriate comfort to them in the circumstances. In particular, the Directors consider it to be common practice for many Premier League football clubs for the exact level and terms of the facility to be reviewed at the end of each football season. Based on the ongoing dialogue with the bank, the Directors are confident that the overdraft facility will be renewed at a similar level, or replaced by an equivalent facility, for the 2012/13 Premier League season.

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance facilities, including the overdraft facility and the available agreed securitisation facilities against future revenues referred to above, for at least 12 months from the date of signing of these accounts. In preparing these trading projections, a number of additional inherent uncertainties have been identified; notably on-field performance and the resultant reduction in the Premier League domestic broadcasting merit award and the level of player trading.

The Directors have considered the uncertainty surrounding the renewal of the facilities and other inherent uncertainties and, in the event that they would be required, have identified a number of potential mitigating actions to manage any resulting forecast shortfall against current facilities including the ability within the industry to securitise additional future guaranteed revenues and flexibility around player trading.

Based on the mitigating actions referred to above and the comfort obtained from their bankers, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the Annual Report and Accounts.

Employment Policies
The Group's employment policies are designed to retain and motivate staff at all levels. Staff are, within the bounds of commercial confidentiality, kept informed of matters that affect the current performance and future prospects of the Group and are of interest to them as employees.

The Group operates an equal opportunities policy to ensure that no member of staff or job applicant receives less favourable treatment on the grounds of gender, race, ethnic origin, age or disability.

Every possible step will be taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria.

When recruiting and retaining disabled employees, the Group will be guided by the principles and duties set out in the Disability Discrimination Act and its associated Codes of Practice.

Auditor
Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed auditor in the absence of an Annual General Meeting.

Approved by the Board on 30 November 2011 and signed on its behalf by

M J Evans, Company Secretary

Independent Auditor's Report
to the Members of Everton Football Club Company Limited

We have audited the financial statements of Everton Football Club Company Limited for the year ended 31st May 2011 which comprise the consolidated profit and loss account, the Group and Company balance sheets, the consolidated cash flow statement and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31st May 2011 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Damian Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Liverpool, United Kingdom
30 November 2011

Consolidated Profit and Loss Account
for the year ended 31st May 2011

		2011			2010
	Notes	Operations excluding player trading	Player trading	Total	Total
		£'000	£'000	£'000	£'000
Turnover	1,2	82,021	-	82,021	79,076
Operating expenses	3	(82,550)	(16,620)	(99,170)	(96,773)
Operating loss	4	(529)	(16,620)	(17,149)	(17,697)
Profit on disposal of players' registrations		-	7,426	7,426	19,023
Profit on disposal of tangible fixed assets	11	8,432	-	8,432	39
Profit / (loss) before interest and taxation		7,903	(9,194)	(1,291)	1,365
Interest receivable and similar income	5			13	29
Interest payable and similar charges	6			(4,135)	(4,487)
Loss on ordinary activities before taxation				(5,413)	(3,093)
Tax on loss on ordinary activities	8			-	-
Loss after taxation for the year transferred from reserves	19,20			(5,413)	(3,093)

All the above amounts derive from continuing operations.

There are no recognised gains and losses for the year ended 31st May 2011 and the prior year other than as stated in the profit and loss account, accordingly no separate statement of total recognised gains and losses is given.

Group Balance Sheet
at 31st May 2011

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed Assets					
Intangible Assets	10		33,328		45,270
Tangible Assets	11		6,787		8,090
			40,115		**53,360**
Current Assets					
Debtors	14	11,101		8,646	
Investments	12	2,767		2,767	
		13,868		**11,413**	
Creditors - Amounts falling due within one year	15	(55,985)		(52,088)	
Net Current Liabilities			**(42,117)**		**(40,675)**
Total Assets Less Current Liabilities			**(2,002)**		**12,685**
Creditors - Amounts falling due after more than one year	16		(32,004)		(41,122)
Provision for liabilities	17		(1,181)		(1,337)
Net Liabilities			**(35,187)**		**(29,774)**
Capital and Reserves					
Called up share capital	18		35		35
Share premium account	19		24,968		24,968
Revaluation reserve	19		3,049		3,183
Profit and loss account - deficit	19		(63,239)		(57,960)
Shareholders' deficit	**20**		**(35,187)**		**(29,774)**

The financial statements of the Everton Football Club Company Limited, registered number 36624, were approved by the Board on the 30 November 2011 and signed on its behalf by

W Kenwright CBE
Director

Company Balance Sheet
at 31st May 2011

		2011		2010	
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Intangible Assets	10		33,328		45,270
Tangible Assets	11		1,250		2,307
Investments	12		-		-
			34,578		**47,577**
Current Assets					
Debtors	14	10,995		8,400	
		10,995		**8,400**	
Creditors - Amounts falling due within one year	15	(70,682)		(67,233)	
Net Current Liabilities			**(59,687)**		**(58,833)**
Total Assets Less Current Liabilities			**(25,109)**		**(11,256)**
Creditors - Amounts falling due after more than one year	16		(7,341)		(15,624)
Provision for liabilities	17		(1,181)		(1,337)
Net Liabilities			**(33,631)**		**(28,217)**
Capital and Reserves					
Called up share capital	18		35		35
Share premium account	19		24,968		24,968
Revaluation reserve	19		1,165		1,299
Profit and loss account - deficit	19		(59,799)		(54,519)
Shareholders' deficit			**(33,631)**		**(28,217)**

The financial statements of the Everton Football Club Company Limited, registered number 36624, were approved by the Board on the 30 November 2011 and signed on its behalf by

W Kenwright CBE
Director

Consolidated Cash Flow Statement
for the year ended 31st May 2011

		2011		2010	
	Notes	£'000	£'000	£'000	£'000
Cash inflow from operating activities	21a		1,906		1,425
Returns on investments and servicing of finance					
Interest received		13		29	
Interest paid		(4,135)		(4,479)	
Finance lease and hire purchase interest		(5)		(10)	
Net cash outflow from returns on investments and servicing of finance			**(4,127)**		**(4,460)**
Taxation			-		-
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(11,616)		(27,960)	
Purchase of tangible fixed assets		(568)		(398)	
Proceeds from the disposal of tangible fixed assets	11	9,325		57	
Proceeds from the disposal of intangible fixed assets		5,065		24,475	
Net cash inflow / (outflow) from capital expenditure and financial investment			**2,206**		**(3,826)**
Net cash outflow before financing			(15)		(6,861)
Financing					
New loans		5,000		9,000	
Repayment of loans		(8,873)		(3,222)	
Capital element of finance lease and hire purchase payments		(41)		(79)	
Net cash (outflow) / inflow from financing	21c		(3,914)		5,699
Decrease in cash	**21b**		**(3,929)**		**(1,162)**

Notes to the Accounts
for the year ended 31st May 2011

1 ACCOUNTING POLICIES

The principle accounting policies are summarised below.
They have all been applied consistently throughout the year and the preceding year.

(i) Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold properties, plant & equipment and in accordance with applicable law and United Kingdom accounting standards.

(ii) Basis of Preparation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings. The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up until the date of their disposal. Intra-group trading is eliminated on consolidation.

As set out in the Directors' Responsibilities Statement on page 9, in preparing these financial statements the Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business. In satisfaction of this responsibility the Directors have reviewed in detail the business' cash flow projections, and considered the Group's ability to meet its liabilities as they fall due.

As disclosed in note 16, the Group meets its day to day working capital requirements through an overdraft facility. Additionally, because of the predictable nature of football club revenue streams, the Group has obtained further funding post year end through the securitisation of future guaranteed revenues, as is common industry practice, and as it has done in the past.
This funding is repayable in August 2012. Based on ongoing dialogue with the existing and potential funders, the Directors are confident that this facility will be replaced by an equivalent facility on repayment.

The Group's current overdraft facility expires on 31 July 2012.
The timing of the expiry of the current facility on 31 July 2012 allows the Group's bankers and the Directors to agree appropriate facilities for the following season based on performance in the 2011/12 Premier League season and reflect activities, including the Group's player trading activity in the January 2012 transfer window and the start of the summer 2012 transfer window.

The Directors have worked closely with the bank throughout the year and based on discussions with the bank believe that it is the bank's current intention to renew the overdraft facility agreement or put in place arrangements to provide similar facilities for the following season in each case subject to review at the end of the current football season with the knowledge of the level of player trading over the period and with the amount and terms to be negotiated at the appropriate time. The Directors acknowledge the need for further discussion and agreement with the bank, thereby giving rise to a degree of uncertainty on the final outcome regarding bank funding. However, the Directors consider discussions with the bank to be of appropriate comfort to them in the circumstances. In particular, the Directors consider it to be common practice for many Premier League football clubs for the exact level and terms of the facility to be reviewed at the end of each football season. Based on the ongoing dialogue with the bank, the Directors are confident that the overdraft facility will be renewed at a similar level, or replaced by an equivalent facility, for the 2012/13 Premier League season.

The Group's trading projections show that it has a reasonable expectation of staying within its currently available, and future anticipated, finance facilities, including the overdraft facility and the available agreed securitisation facilities against future revenues referred to above, for at least 12 months from the date of signing of these accounts. In preparing these trading projections, a number of additional inherent uncertainties have been identified; notably on-field performance and the resultant reduction in the Premier League domestic broadcasting merit award and the level of player trading.

The Directors have considered the uncertainty surrounding the renewal of the facilities and other inherent uncertainties and, in the event that they would be required, have identified a number of potential mitigating actions to manage any resulting forecast shortfall against current facilities including the ability within the industry to securitise additional future guaranteed revenues and flexibility around player trading.

Based on the mitigating actions referred to above and the comfort obtained from their bankers, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the Annual Report and Accounts.

(iii) Turnover

Turnover is stated exclusive of value added tax, and match receipts are recognised net of payments owing to visiting clubs, the Premier League, the Football Association and the Football League.

Gate and other match day revenue is recognised over the period of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season.

(iv) Tangible Fixed Assets and Depreciation

Depreciation is not provided on freehold land. On properties it is provided to write off the costs or revalued amounts less estimated residual value (based on prices prevailing at the date of acquisition or revaluation) in equal annual instalments over the estimated useful economic lives of the assets which are considered to be between 10 and 40 years. No depreciation is provided on assets in the course of construction.

Depreciation is charged on a straight line basis of three years for Vehicles and five years for Plant and Equipment.

The Group has taken advantage of the transitional provisions of Financial Reporting Standard 15 'Tangible fixed assets' and retained the book amounts of certain freehold properties which were revalued prior to implementation of that standard. The properties were last revalued at 31st May 1999 and the valuations have not subsequently been updated.

1 ACCOUNTING POLICIES (continued)

(v) Grants
Grants of a capital nature are credited to deferred income and amortised to the profit and loss account on a systematic basis over the useful economic life of the asset to which they relate.

(vi) a) Current Taxation
Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(vi) b) Deferred Taxation
Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(vii) Intangible Fixed Assets - Players' Registrations
The cost of players' registrations, including agents' fees, is capitalised and amortised over the period of the respective players' contracts in accordance with Financial Reporting Standard 10 'Accounting for goodwill and intangible assets'. The transfer fee levy refund received during the year is credited against additions to intangible assets.

(viii) Contingent Appearance Fees
Where the directors consider the likelihood of a player meeting future appearance criteria specified in the transfer agreement of the player to be probable, provision for this cost is made (see note 17). If the likelihood of meeting these criteria is merely possible not probable, then no provision is made but the potential obligations are disclosed as contingent liabilities (see note 22).

(ix) Signing-on Fees and Loyalty Bonuses
Signing-on fees and loyalty bonuses represent a normal part of the employment cost of the player and as such are charged to the profit and loss account in the period in which the payment becomes due, except in the circumstances of a player disposal. In that case any remaining signing-on fees and loyalty bonuses due are allocated in full against profit or loss on disposal of players' registrations in the year in which the player disposal is made. Those instalments due in the future on continued service are not provided for but are noted as contingent liabilities (see note 22).

(x) Investments
Investments held as fixed assets are stated at cost less any provision for impairment.

(xi) Lease Rentals
Where the company enters into a lease which entails substantially taking all the risks and rewards of ownership of an asset the lease is treated as a finance lease. Assets acquired under finance leases are capitalised and depreciated over the shorter of their lease term or their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

(xii) Foreign Currency Transactions
Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are recognised in the profit and loss account.

Notes to the Accounts
for the year ended 31st May 2011

2 TURNOVER

Turnover, all of which originates in the United Kingdom, can be analysed as follows:	2011 £'000	2010 £'000
Gate receipts and programme sales	17,480	19,206
Broadcasting	52,890	50,194
Sponsorship, advertising and merchandising	6,800	7,144
Catering	877	916
Other commercial activities	3,974	1,616
	82,021	**79,076**

3 OPERATING EXPENSES

	2011 £'000	2010 £'000
Amortisation of players' registrations (note 10)	16,620	17,150
Staff costs (note 7)	58,026	54,311
Depreciation (note 11)	970	1,515
Other operating costs	23,554	23,797
Total operating expenses	**99,170**	**96,773**

4 OPERATING LOSS

	2011 £'000	2010 £'000
The operating loss is stated after charging / (crediting):		
Depreciation - property	365	478
Depreciation - other	605	1,037
Amortisation of grants	(40)	(47)
Operating lease rentals		
Motor vehicles	281	185
Office equipment	90	88
Land and properties	1,477	1,529
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's annual accounts	34	30
Fees payable to the company's auditor for the audit of the company's subsidiaries	6	5
Total audit fees	**40**	**35**
Other non-audit services		
Tax services	309	150
Corporate financial services	-	6
Other services	24	18
Total non-audit fees	**333**	**174**

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	£'000	£'000
Bank interest receivable	13	29

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£'000	£'000
Bank overdrafts	727	423
Finance leases and hire purchase agreements	5	10
Other loans	3,403	4,054
	4,135	**4,487**

Included in interest on other loans is interest of £1,954,000 (2010: £1,999,000) on loans not wholly repayable in full within five years.

7 PARTICULARS OF EMPLOYEES

	2011	2010
	Number	Number
The average weekly number of employees during the year was as follows:		
Playing, training and management	85	85
Youth Academy	30	29
Marketing and Media	27	23
Management and Administration	55	54
Maintenance, Security, Pitch and Ground Safety	41	43
	238	**234**

In addition, the Group employed an average of 428 temporary staff on matchdays (2010: 489).

	2011	2010
Aggregate payroll costs for the above employees were as follows:	£'000	£'000
Wages and salaries	49,225	47,450
Social security costs	6,111	5,774
Other pension costs	2,690	1,087
	58,026	**54,311**

Directors' Remuneration
The Directors of the Company received no remuneration during the year (2010: £nil).

8 TAXATION ON LOSS ON ORDINARY ACTIVITIES

There was no tax charge in the year (2010: £nil).

a) Factors affecting the tax charge for the current year
The tax assessed for the year is disproportionate to that resulting from applying the effective standard rate of corporation tax in the UK: 27.67% (2010: 28%).

	2011	2010
	£'000	£'000
Loss on ordinary activities before taxation	(5,413)	(3,093)
Tax on loss on ordinary activities at the standard rate	(1,498)	(866)
Expenses not deductible for tax purposes	1,535	850
Depreciation in excess of / (less than) capital allowances	200	(81)
Other short term timing differences	(20)	97
Excess of book profits relative to taxable profits on sale of fixed assets	(348)	-
Losses carried forward	140	-
Group relief	68	-
Tax losses utilised	(77)	-
Current tax charge for year	-	-

b) Factors that may affect the future tax charge
A deferred tax asset of £14.4m (2010: £12.5m) has not been recognised. The asset will be recovered when relevant profits are available against which the timing differences concerned will be offset.

9 COMPANY PROFIT AND LOSS ACCOUNT

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not presented its own profit and loss account. The Company's loss for the year was £5,414,000 (2010: £3,091,000).

10 INTANGIBLE FIXED ASSETS - GROUP AND COMPANY

	Total
	£'000
Cost	
At 1st June 2010	91,357
Additions in the year	5,244
Disposals in the year	(4,611)
At 31st May 2011	**91,990**
Amortisation	
At 1st June 2010	46,087
Provided during the year	16,620
Eliminated on disposals	(4,045)
At 31st May 2011	**58,662**
Net book value	
At 31st May 2011	**33,328**
At 31st May 2010	45,270

11 TANGIBLE FIXED ASSETS

Group	Properties	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st June 2010	13,605	8,579	180	22,364
Additions in the year	-	560	-	560
Disposals in the year	(2,463)	(33)	(68)	(2,564)
At 31st May 2011	**11,142**	**9,106**	**112**	**20,360**
Depreciation				
At 1st June 2010	6,806	7,340	128	14,274
Provided during the year	365	567	38	970
On disposals	(1,588)	(15)	(68)	(1,671)
At 31st May 2011	**5,583**	**7,892**	**98**	**13,573**
Net book value				
At 31st May 2011	**5,559**	**1,214**	**14**	**6,787**
At 31st May 2010	6,799	1,239	52	8,090

Company	Properties	Plant and equipment	Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st June 2010	2,505	8,579	180	11,264
Additions in the year	-	560	-	560
Disposals in the year	(2,463)	(33)	(68)	(2,564)
At 31st May 2011	**42**	**9,106**	**112**	**9,260**
Depreciation				
At 1st June 2010	1,489	7,340	128	8,957
Provided during the year	119	567	38	724
On disposals	(1,588)	(15)	(68)	(1,671)
At 31st May 2011	**20**	**7,892**	**98**	**8,010**
Net book value				
At 31st May 2011	**22**	**1,214**	**14**	**1,250**
At 31st May 2010	1,016	1,239	52	2,307

11 TANGIBLE FIXED ASSETS (CONTINUED)

The Club's premises at Goodison Park, the equipment and contents (but not including computer equipment or motor vehicles), together with an immaterial amount of residential properties were revalued at £12,397,550 by John Foord & Company as at 31st May 1999.

The freehold buildings at Goodison Park were valued at depreciated replacement cost, and the land at open market value for its existing use. The residential properties have been revalued at open market value basis with the benefit of full vacant possession or subject to and with the benefit of the various leases/agreements as appropriate.

If the freehold properties had not been revalued regularly since 1983 they would have been included at the following amounts on the basis previously appertaining:

	2011	2010
	£'000	£'000
Cost	9,146	9,662
Aggregate depreciation	(4,887)	(4,950)
Net book value	**4,259**	**4,712**

Exceptional item in the year
Bellefield, the Club's former training ground was disposed of in December 2010. The total proceeds were £9,300,000 with a profit on disposal of £8,425,000.

12 INVESTMENTS

FIXED ASSET INVESTMENTS

Company	Subsidiary undertakings
Cost	**£**
As at 1st June 2010	4
Additions	1
As at 31st May 2011	**5**
Net book value	
As at 1st June 2010	4
As at 31st May 2011	5

The addition in the year relates to the incorporation of The Everton Ladies Football Club Limited.

Details of the principal operating subsidiaries as at 31st May 2011, all registered in England and Wales, were as follows:

Name of Company	% owned	Nature of business
Goodison Park Stadium Limited	100	Provision of football entertainment facilities
Everton Investments Limited	100	Issuer of loan notes
The Everton Ladies Football Club Limited	100	Provision of football entertainment

CURRENT ASSET INVESTMENTS

Group
Current asset investments consist of four month treasury deposits of £2,767,000 (2010: £2,767,000).

13 LEASE COMMITMENTS

The Group and Company has operating lease commitments to meet during the next year in respect of land and property leases, motor vehicles and office equipment, as follows:

	Land and Properties		Other		Total	
	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Expiring within one year	-	-	18	22	18	22
Expiring between two and five years	-	-	247	54	247	54
Expiring in more than five years	1,217	1,490	-	-	1,217	1,490
	1,217	**1,490**	**265**	**76**	**1,482**	**1,566**

14 DEBTORS

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade debtors	9,056	6,411	8,991	6,225
Other debtors	1	1	-	-
Prepayments and accrued income	2,044	2,234	2,004	2,175
	11,101	**8,646**	**10,995**	**8,400**

15 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Bank overdraft (secured)	9,075	5,146	10,774	6,620
Bank loans (secured)	14,000	11,000	14,000	11,000
Other loans (see note 16)	866	873	33	100
Obligations under finance lease and hire purchase agreements	39	43	39	43
Trade creditors	6,807	8,405	6,798	8,405
Amounts due to subsidiaries	-	-	21,628	23,557
Social security and other taxes	7,148	5,537	8,165	6,415
Accruals and deferred income	18,050	21,084	9,245	11,093
	55,985	**52,088**	**70,682**	**67,233**

16 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Bank loans (see borrowings below)	-	6,000	-	6,000
Other loans (see borrowings below)	23,654	24,484	-	33
Obligations under finance lease and hire purchase agreements	47	84	47	84
Trade creditors	3,057	7,282	3,057	7,282
Accruals and deferred income	5,246	3,272	4,237	2,225
	32,004	**41,122**	**7,341**	**15,624**

BORROWINGS

Group	Bank overdraft		Bank loans		Other loans		Finance leases and hire purchase		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings Payable by instalments:										
Within one year	9,075	5,146	14,000	11,000	866	873	39	43	23,980	17,062
Between one and two years	-	-	-	2,000	898	866	47	84	945	2,950
Between two and five years	-	-	-	4,000	3,137	2,910	-	-	3,137	6,910
After more than five years	-	-	-	-	19,959	21,084	-	-	19,959	21,084
Prepaid finance costs	-	-	-	-	(340)	(376)	-	-	(340)	(376)
	9,075	**5,146**	**14,000**	**17,000**	**24,520**	**25,357**	**86**	**127**	**47,681**	**47,630**

Company	Bank overdraft		Bank loans		Other loans		Finance leases and hire purchase		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of borrowings Payable by instalments:										
Within one year	10,774	6,620	14,000	11,000	33	100	39	43	24,846	17,763
Between one and two years	-	-	-	2,000	-	33	47	84	47	2,117
Between two and five years	-	-	-	4,000	-	-	-	-	-	4,000
	10,774	**6,620**	**14,000**	**17,000**	**33**	**133**	**86**	**127**	**24,893**	**23,880**

16 BORROWINGS (CONTINUED)

The bank overdraft is principally secured via a lightweight floating charge over all the assets and undertakings (excluding Goodison Park Stadium) of the Company.

Bank loans are secured by legal charges over the Company's guaranteed Premier League broadcast revenues. Bank loans incur interest at a rate of 8.7% and were repaid in August 2011. The Group has obtained further funding post year end as described in note 1.

Other loans include £24,827,000 of loan notes (2010: £25,600,000) which are repayable in annual installments over a 25 year period at a fixed interest rate of 7.79%. The first payment under the agreement was made on 30th September 2002 amounting to £1,588,000 with subsequent annual payments of £2,767,000 (including interest) starting on 30th September 2003.

The notes will be repaid in a securitisation agreement serviced by future season ticket sales. The costs incurred in raising the finance, amounting to £710,000, have been offset against the original £30,000,000 loan, and are contained within prepaid finance costs and charged to the profit and loss in line with the interest charge over a period of 25 years.

17 PROVISION FOR LIABILITIES

	Group and Company		
	Pensions (note 23)	Contingent appearance fees (note 1)	Total
	£'000	£'000	£'000
At 1st June 2010	347	990	1,337
Utilised in the year	(58)	(801)	(859)
Provided in the year	-	703	703
At 31st May 2011	**289**	**892**	**1,181**

There are no amounts provided for deferred tax at 31st May 2011 or 31st May 2010.

18 EQUITY SHARE CAPITAL

	2011	2010
	£'000	£'000
Authorised, allotted, issued and fully paid		
35,000 ordinary shares of £1 each	35	35

19 RESERVES

Group	Share premium account	Revaluation reserve	Profit and loss account
	£'000	£'000	£'000
Balance at 1st June 2010	24,968	3,183	(57,960)
Transfer from revaluation reserve	-	(134)	134
Loss for the year	-	-	(5,413)
Balance at 31st May 2011	**24,968**	**3,049**	**(63,239)**

Company	£'000	£'000	£'000
Balance at 1st June 2010	24,968	1,299	(54,519)
Transfer from revaluation reserve	-	(134)	134
Loss for the year	-	-	(5,414)
Balance at 31st May 2011	**24,968**	**1,165**	**(59,799)**

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2011	2010
Group	£'000	£'000
Loss for the year and net movement in shareholders' deficit	(5,413)	(3,093)
Opening shareholders' deficit	(29,774)	(26,681)
Closing shareholders' deficit	**(35,187)**	**(29,774)**

21 CASH FLOW STATEMENT

	2011	2010
	£'000	£'000
(a) Reconciliation of operating (loss) / profit to net cash inflow from operating activities		
(Loss) / profit before interest and tax	(1,291)	1,365
Profit on disposal of players' registrations	(7,426)	(19,023)
Profit on disposal of tangible fixed assets	(8,432)	(39)
Operating loss	**(17,149)**	**(17,697)**
Depreciation charge	970	1,515
Amortisation of grants	(40)	(47)
Amortisation of players' registrations	16,620	17,150
Decrease in debtors	470	1,058
(Decrease) / increase in provisions	(58)	347
Increase / (decrease) in creditors	1,093	(901)
Net cash inflow from operating activities	**1,906**	**1,425**

	At 1st June 2010	Cash flows	Non cash movements	At 31st May 2011
(b) Analysis of changes in net debt	£'000	£'000	£'000	£'000
Bank overdraft	(5,146)	(3,929)	-	(9,075)
	(5,146)	**(3,929)**	**-**	**(9,075)**
Debt due within one year	(11,873)	(2,127)	(866)	(14,866)
Debt due after one year	(30,484)	6,000	830	(23,654)
Finance lease and hire purchase agreements	(127)	41	-	(86)
Current asset investments	2,767	-	-	2,767
	(44,863)	**(15)**	**(36)**	**(44,914)**

	2011	2010
	£'000	£'000
(c) Reconciliation of movements in net debt		
Decrease in cash in the period	(3,929)	(1,162)
Cash outflow / (inflow) from increase in net debt	3,873	(5,778)
Cash outflow from decrease in finance lease and hire purchase financing	41	79
Change in net debt resulting from cash flows in the year	(15)	(6,861)
Non cash movements	(36)	(93)
Net debt as at 1st June 2010	(44,863)	(37,909)
Net debt as at 31st May 2011	**(44,914)**	**(44,863)**

22 CONTINGENT LIABILITIES

No provision is included in the accounts for transfer fees of £7,585,000 (2010: £5,341,000) which are, as at 31st May 2011, contingent upon future appearances of certain players; or signing-on fees and loyalty bonuses, as at 31st May 2011, of £6,427,000 (2010: £6,560,000) which would become due to certain players if they are still in the service of the Club on specific future dates.

23 PENSIONS

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme ("FLLPLAS"), a defined benefit scheme. As the Group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. At 1st September 2009 a further MFR deficit was identified in the scheme, which increased the outstanding deficit allocated to the Group by £372,000 resulting in an increase in contributions advised by the Actuary.

Contributions are also paid into individuals private pension schemes. Total contributions across all schemes during the year amounted to £2,690,000 (2010: £1,087,000).

24 POST BALANCE SHEET EVENTS

Since 31st May 2011, the Club has entered into transfer agreements for confirmed contracted net transfer fees receivable of £13,032,000.

25 FRS 8 - RELATED PARTY TRANSACTIONS

Everton In The Community is a registered charity (Number 1099366) incorporated on 31st July 2003 and began trading on 1st June 2004. The Charity operates separately from the Group hence has not been consolidated in the Group results, but as at 31st May 2011 Everton Football Club Company Limited employees held two of the six Trustee positions at the Charity. During the year Everton Football Club Company Limited incurred net operating costs of £204,000 (2010: £389,000) on behalf of the Charity.

26 CAPITAL COMMITMENTS

There were no capital commitments at 31st May 2011 or 31st May 2010.

First Team Results 2010/11

DATE	OPPONENT		RES	ATTENDANCE	PTS	POS
14.08.10	BLACKBURN ROVERS	A	0-1	25,869	0	17
21.08.10	WOLVERHAMPTON WANDERERS	H	1-1	37,767	1	17
25.08.10	HUDDERSFIELD TOWN - CARLING CUP R2	H	5-1	28,901	-	-
29.08.10	ASTON VILLA	A	0-1	34,725	0	18
11.09.10	MANCHESTER UNITED	H	3-3	36,556	1	18
18.09.10	NEWCASTLE UNITED	H	0-1	38,019	0	19
21.09.10	BRENTFORD - CARLING CUP R3	A	1-1	8,960	-	-
25.09.10	FULHAM	A	0-0	25,598	1	20
02.10.10	BIRMINGHAM CITY	A	2-0	23,318	3	17
17.10.10	LIVERPOOL	H	2-0	39,673	3	11
23.10.10	TOTTENHAM HOTSPUR	A	1-1	35,967	1	11
30.10.10	STOKE CITY	H	1-0	35,513	3	8
6.11.10	BLACKPOOL	A	2-2	16,094	1	11
10.11.10	BOLTON WANDERERS	H	1-1	31,808	1	12
14.11.10	ARSENAL	H	1-2	36,279	0	13
22.11.10	SUNDERLAND	A	2-2	37,331	1	14
27.11.10	WEST BROMWICH ALBION	H	1-4	35,237	0	16
04.12.10	CHELSEA	A	1-1	41,642	1	15
11.12.10	WIGAN ATHLETIC	H	0-0	32,853	1	15
20.12.10	MANCHESTER CITY	A	2-1	45,028	3	14
28.12.10	WEST HAM UNITED	A	1-1	33,422	1	11
01.01.11	STOKE CITY	A	0-2	27,418	0	13
05.01.11	TOTTENHAM HOTSPUR	H	2-1	34,124	3	11
08.01.11	SCUNTHORPE UNITED - FA CUP R3	A	5-1	7,028	-	-
16.01.11	LIVERPOOL	A	2-2	44,795	1	12
22.01.11	WEST HAM UNITED	H	2-2	34,179	1	13
29.01.11	CHELSEA - FA CUP R4	H	1-1	28,376	-	-
01.02.11	ARSENAL	A	1-2	60,014	0	14
05.02.11	BLACKPOOL	H	5-3	38,202	3	13
13.02.11	BOLTON WANDERERS	A	0-2	22,986	0	13
19.02.11	CHELSEA - FA CUP R4 REPLAY	A	1-1*	41,113	-	-
26.02.11	SUNDERLAND	H	2-0	37,776	3	10
01.03.11	READING - FA CUP R5	H	0-1	29,976	-	-
05.03.11	NEWCASTLE UNITED	A	2-1	50,128	3	10
09.03.11	BIRMINGHAM CITY	H	1-1	33,974	1	9
19.03.11	FULHAM	H	2-1	33,239	3	8
02.04.11	ASTON VILLA	H	2-2	37,619	1	7
09.04.11	WOLVERHAMPTON WANDERERS	A	3-0	28,352	3	7
16.04.11	BLACKBURN ROVERS	H	2-0	35,857	3	7
23.04.11	MANCHESTER UNITED	A	0-1	75,300	0	7
30.04.11	WIGAN ATHLETIC	A	1-1	17,051	1	7
07.05.11	MANCHESTER CITY	H	2-1	37,351	3	7
14.05.11	WEST BROMWICH ALBION	A	0-1	25,838	0	7
22.05.11	CHELSEA	H	1-0	38,712	3	7

*Everton won 4-3 on penalties.

Barclays Premier League - Final League Placings 2010/11

		HOME					AWAY						
	P	W	D	L	F	A	W	D	L	F	A	GL DIFF	PTS
MANCHESTER UNITED	38	18	1	0	49	12	5	10	4	29	25	41	80
CHELSEA	38	14	3	2	39	13	7	5	7	30	20	36	71
MANCHESTER CITY	38	13	4	2	34	12	8	4	7	26	21	27	71
ARSENAL	38	11	4	4	33	15	8	7	4	39	28	29	68
TOTTENHAM HOTSPUR	38	9	9	1	30	19	7	5	7	25	27	9	62
LIVERPOOL	38	12	4	3	37	14	5	3	11	22	30	15	58
EVERTON	**38**	**9**	**7**	**3**	**31**	**23**	**4**	**8**	**7**	**20**	**22**	**6**	**54**
FULHAM	38	8	7	4	30	23	3	9	7	19	20	6	49
ASTON VILLA	38	8	7	4	26	19	4	5	10	22	40	-11	48
SUNDERLAND	38	7	5	7	25	27	5	6	8	20	29	-11	47
WEST BROMWICH ALBION	38	8	6	5	30	30	4	5	10	26	41	-15	47
NEWCASTLE UNITED	38	6	8	5	41	27	5	5	9	15	30	-1	46
STOKE CITY	38	10	4	5	31	18	3	3	13	15	30	-2	46
BOLTON WANDERERS	38	10	5	4	34	24	2	5	12	18	32	-4	46
BLACKBURN ROVERS	38	7	7	5	22	16	4	3	12	24	43	-13	43
WIGAN ATHLETIC	38	5	8	6	22	34	4	7	8	18	27	-21	42
WOLVERHAMPTON WANDERERS	38	8	4	7	30	30	3	3	13	16	36	-20	40
BIRMINGHAM CITY	38	6	8	5	19	22	2	7	10	18	36	-21	39
BLACKPOOL	38	5	5	9	30	37	5	4	10	25	41	-23	39
WEST HAM UNITED	38	5	5	9	24	31	2	7	10	19	39	-27	33

Fixtures 2011/12

DATE	OPPONENT	
20.08.11	**QUEENS PARK RANGERS**	**H**
24.08.11	SHEFFIELD UNITED CARLING CUP R2	H
27.08.11	BLACKBURN ROVERS	A
10.09.11	**ASTON VILLA**	**H**
17.09.11	**WIGAN ATHLETIC**	**H**
21.09.11	WEST BROMWICH ALBION CARLING CUP R3	H
24.09.11	MANCHESTER CITY	A
01.10.11	**LIVERPOOL**	**H**
15.10.11	CHELSEA	A
23.10.11	FULHAM	A
26.10.11	CHELSEA CARLING CUP R4	H
29.10.11	**MANCHESTER UNITED**	**H**
05.11.11	NEWCASTLE UNITED	A
19.11.11	**WOLVERHAMPTON WANDERERS**	**H**
26.11.11	BOLTON WANDERERS	A
04.12.11	**STOKE CITY**	**H**
10.12.11	ARSENAL	A
17.12.11	**NORWICH CITY**	**H**
21.12.11	**SWANSEA CITY**	**H**
26.12.11	SUNDERLAND	A
01.01.12	WEST BROMWICH ALBION	A
04.01.12	**BOLTON WANDERERS**	**H**
07.01.12	FA CUP R3	
11.01.12	**TOTTENHAM HOTSPUR**	**A**

DATE	OPPONENT	
14.01.12	ASTON VILLA	A
21.01.12	**BLACKBURN ROVERS**	**H**
28.01.12	FA CUP R4	
01.02.12	**MANCHESTER CITY**	**H**
04.02.12	WIGAN ATHLETIC	A
11.02.12	**CHELSEA**	**H**
18.02.12	FA CUP R5	
25.02.12	LIVERPOOL	A
03.03.12	QUEENS PARK RANGERS	A
10.03.12	**TOTTENHAM HOTSPUR**	**H**
17.03.12	**ARSENAL**	**H**
17.03.12	FA CUP R6	
24.03.12	SWANSEA CITY	A
31.03.12	**WEST BROMWICH ALBION**	**H**
07.04.12	NORWICH CITY	A
09.04.12	**SUNDERLAND**	**H**
14.04.12	FA CUP SEMI FINAL	
14.04.12	STOKE CITY	A
21.04.12	MANCHESTER UNITED	A
28.04.12	**FULHAM**	**H**
05.05.12	WOLVERHAMPTON WANDERERS	A
05.05.12	FA CUP FINAL	
13.05.12	**NEWCASTLE UNITED**	**H**

MEMBERS OF THE EVERTON UNDER 18S TEAM CELEBRATE
WINNING THE NATIONAL ACADEMY LEAGUE FINAL

Everton Football Club Company Limited
Goodison Park, Liverpool L4 4EL

Honours List

FIRST DIVISION CHAMPIONS
1890/91, 1914/15, 1927/28, 1931/32, 1938/39, 1962/63, 1969/70, 1984/85, 1986/87

RUNNERS-UP
1889/90, 1894/95, 1901/02, 1904/05, 1908/09, 1911/12, 1985/86

SECOND DIVISION CHAMPIONS
1930/31

RUNNERS-UP
1953/54

FA CUP WINNERS
1906, 1933, 1966, 1984, 1995

RUNNERS-UP
1893, 1897, 1907, 1968, 1985, 1986, 1989, 2009

FOOTBALL LEAGUE CUP RUNNERS-UP
1976/77, 1983/84

FA CHARITY SHIELD WINNERS
1928, 1932, 1963, 1970, 1984, 1985, 1987, 1995, SHARED: 1986

EUROPEAN CUP-WINNERS' CUP WINNERS
1984/85

FA YOUTH CUP WINNERS
1964/65, 1983/84, 1997/98

RUNNERS-UP
1960/61, 1976/77, 1982/83, 2001/02